

# City of Asheville North Carolina



# Property Tax

- Buncombe County's Role and Services



# Buncombe County Property Tax Department



- Property Tax Billing and Collections
  - Bills and collects property tax for most of the taxing entities in the County
    - Rate for other Buncombe County incorporated areas: 2.0% of amount collected
    - Asheville rate: 1.5% of amount collected
- Property Tax Assessment
  - Assessors evaluate properties
    - every four years (existing property)
    - ongoing for new and/or improved properties

# Buncombe County Property Tax Department



## Budget

FY 2014-15

### Expenditures

Personnel	3,508,453
Operating	1,063,181
Capital	-

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4,571,634

### Revenues

Restricted	(827,700)
Miscellaneous	(68,700)
County	(3,675,234)

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(4,571,634)

# Taxes in Buncombe County FY 2014



## **Assessed Value (in thousands)**

Buncombe County	27,626,221
City of Asheville	11,657,917
	42%

## **B.C. Tax Department Revenue**

Total for Buncombe County	4,571,634
Asheville Contribution	762,302
	17%

## **B.C. Tax Dept Revenue from Billing**

Total for Buncombe County	827,700
Asheville Contribution	762,302
	92%



# Alternative Models



- Percentage of amounts collected (current agreement with Buncombe County)
- Flat fee per bill mailed
- Flat fee for services – negotiated
- Pro-rata share of the cost to operate the county tax office
- Create a Tax Department within the City of Asheville for Billing and Collections

# Current Model



- County has no motivation to change current model
  - City of Asheville cost per bill increases with increases in property value

Cost per bill, 2013	17.24
Cost per bill, 2014	18.33

- Property Values Increasing Faster than number of Bills
  - No annexation
  - Infill development



# Potential for City of Asheville Tax Division

## Benefits

- Direct control over costs
- Cost per bill could be a target/benchmark
- Potential for cross-functional teams
- Potential savings over the long-term



# Potential for City of Asheville Tax Division



## Risks

- High Buncombe County collection rate (99.42%) would be challenging to duplicate
- Staffing and Expertise
- Up front costs

# Collection Rate and Impact



Buncombe County Collection Rate (collected within year of levy)	99.42%
Asheville Property Tax Collected (2014)	52,052,585
Sensitivity: 1% +/- collections	520,526

- Using 2014 collections, 1% decrease in rate equates to \$520,526
- If City of AVL achieved the average collection rate of 98.21%, loss of revenue would be \$629,836

# Where do we go from here?



- Costs/benefit of in-house tax division
  - Personnel: Salaries and Benefits, Technology, Office Space
  - Implementation Timing: Staffing, Training
  - Collections
    - Rate and potential for loss
    - Revaluation?

